

Message Text

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PAGE 01 LONDON 00814 171913Z

ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-13 ISO-00 FRB-01 AID-05
CIAE-00 EB-07 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06
SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /100 W
-----172313Z 069516 /72-61

R 171812Z JAN 77

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9553
TREASURY DEPT WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY DUBLIN
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BELFAST
AMCONSUL EDINBURGH
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDEL MTN GENEVA
USDOC WASHDC

UNCLAS LONDON 00814

DEPARTMENT PASS FEDERAL RESERVE BOARD

TREASURY FOR DONALD E. SYVRUD, OASIA

E.O. 11652: N/A

TAGS: ECON, UK

SUBJECT: M3 SHOWS SLOWER GROWTH

1. THE SEASONALLY ADJUSTED STERLING MONEY STOCK, BROADLY
DEFINED, M3 FELL 133 MILLION POUNDS DURING THE SHORT BANK
ING MONTH NOVEMBER 17-DECEMBER 8. THIS IS THE FIRST FALL
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PAGE 02 LONDON 00814 171913Z

IN THE AGGREGATE THIS YEAR. THE FALL ALLOWS A 7.75 PER-
CENT GROWTH IN M3 DURING THE FIRST EIGHT MONTHS OF THE
CURRENT FINANCIAL YEAR, A PERFORMANCE WHICH IS WITHIN A
9-13 PERCENT GROWTH TARGET FOR THE FULL FINANCIAL YEAR
ENDING MID-APRIL. THE M3 MEASURE WHICH INCLUDES FOREIGN
CURRENCY DEPOSITS OF U.K. RESIDENTS FELL 265 MILLION
POUNDS, WHILE THE NARROWLY DEFINED MONEY STOCK M1 ROSE

160 MILLION POUNDS.

2. THE SEASONALLY ADJUSTED AGGREGATES HAVE SHOWN THE FOLLOWING BEHAVIOR IN 1976:

	M1	M3	M1	M3
	POUNDS	POUNDS	GROWTH IN 3 MOS.	
	BILLIONS	BILLIONS	MOVING BALANCES	

1975

DECEMBER	16.3	36.1	8.2	N/A
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1976

JANUARY	16.3	36.4	4.8	N/A
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APRIL	17.4	37.4	29.6	11.3
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SEPTEMBER	18.5	39.8	33.3	22.2
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OCTOBER	18.1	40.1	10.1	18.4
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NOVEMBER	18.4	40.4	7.0	14.4
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DECEMBER	18.5	40.2	1.7	4.9
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THE CALENDAR YEAR GROWTH IN M3 IS THUS APPROXIMATELY 11.4 PERCENT AND IN M1 13.5 PERCENT.

3. ALTHOUGH THE SHORT DECEMBER BANKING MONTH HAS RAISED QUESTIONS ON THE ACCURACY OF THE DECEMBER SEASONAL ADJUSTMENT, IT IS CLEAR THAT MONEY SUPPLY GROWTH HAS BEEN REDUCED MARKEDLY FROM THE ALARMING LEVELS OF SEPTEMBER AND OCTOBER. THIS REDUCTION FOLLOWS ON THE STRINGENT MONETARY MEASURES INTRODUCED IN THE THIRD QUARTER OF 1976 WHICH INCLUDED HEAVY SALES OF GILTS, AND THE IMPOSITION OF SPECIAL SUPPLEMENTAL RESERVE REQUIREMENTS ON THE GROWTH OF INTEREST-BEARING ELIGIBLE LIABILITIES.

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PAGE 03 LONDON 00814 171913Z

ARMSTRONG

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 17-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Legacy Key: link1977/newtext/t19770146/aaaabobl.tel
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Litigation History:
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Original Classification: UNCLASSIFIED
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SAS ID: 3582758
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Status: NATIVE
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TAGS: ECON, EFIN, UK
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d5d1f2d8-c288-dd11-92da-001cc4696bcc
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